

## **BILL ANALYSIS**

Senate Research Center

S.B. 1156  
By: Zaffirini  
Finance  
7/12/2001  
Enrolled

### **DIGEST AND PURPOSE**

The state of Texas and the nation are experiencing an increase in cost per Medicaid recipient due to the general rise in health care utilization, the recent rise in caseloads, the increasing utilization and prices of prescription drugs, and a comparative decrease in federal funding. Innovative approaches are needed to both cut costs and expand services. S.B. 1156 establishes demonstration projects and feasibility studies, extends Medicaid services to certain populations, authorizes the transfer of administration of certain Medicaid programs from the Texas Department of Health to the Health and Human Services Commission, and adds budget reporting requirements.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Board of Nurse Examiners, to the commissioner of health and human services, the commissioner of insurance, the Department of Health, the Department of Human Services and the Health and Human Services Commission, in various SECTIONS throughout this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 32.024, Human Resources Code, by adding Subsections (x) and (y).

SECTION 2. Amends Chapter 32B, Human Resources Code, by adding Section 32.0247, Eligibility of Certain Aliens.

SECTION 3. Amends Chapter 32B, Human Resources Code, by adding Section 32.0252, Contract to Provide Eligibility Determination.

SECTION 4. Amends Chapter 32B, Human Resources Code, by adding Section 32.0271, Selection of Nurse First Assistant.

SECTION 5. Amends Section 32.028, Human Resources Code, by adding Subsection (g).

SECTION 6. Amends Section 32.029, Human Resources Code, by adding Subsection (f).

SECTION 7. Amends (a) Amends Chapter 32B, Human Resources Code, by adding Section 32.0422, Health Insurance Premium Payment Reimbursement Program For Medical Assistance Recipients.

(b) Amends Chapter 21E, Insurance code by adding Article 21.52K, Enrollment of Medical Assistance Recipients.

SECTION 8. Amends Chapter 32B, Human Resources Code, by adding Section 32.0471, Family Planning Counseling Services; Provider Qualifications.

SECTION 9. (a) Amends Chapter 32B, Human Resources Code, by adding Sections 32.053 through 32.056, as follows:

Sec. 32.053. Demonstration Project For Certain Medications and Related Services.

Sec. 32.054. Demonstration Project For Persons with HIV Infection or AIDS.

Sec. 32.055. Demonstration Projects For Provisions of Medical Assistance to Certain Low-Income Individuals.

Sec. 32.056. Demonstration Project For Women's Health Care Services.

(b) Requires the state agency responsible for implementing the demonstration projects required by Section 32.053 through 32.056, Human Resources Code, as added by this Act, to request and actively pursue any necessary waivers or authorizations from the Health Care Financing Administration or other appropriate entities to enable the agency to implement the demonstration project not later than September 1, 2002. Authorizes the agency to delay implementing the demonstration project until the necessary waivers or authorizations are granted.

SECTION 10. (a) Amends Chapter 32B, Human Resources Code, by adding Section 32.057.

(b) Requires the state agency administering the program of all-inclusive care for the elderly (PACE) implemented under Section 32.057, Human Resources Code, as added by this Act, to use its best efforts to develop and support multiple PACE program sites.

(c) Requires the Health and Human Services Commission and Texas Department of Human Services, not later than September 1, 2004 if before June 1, 2004, the state does not receive federal approval for the operation of all PACE program sites for which the state has applied solely because the federal limit on the number of new PACE program sites allowed nationwide per year has been attained, to examine federal laws and regulations regarding PACE programs and identify changes to law that would result in an increased number of PACE programs in this state.

(d) Requires the commissioner of health and human services not later than December 1, 2004, to submit to the legislature a written report concerning the results of the examination conducted under Subsection (c) of this section. Requires the report to include any recommendations for memorializing the Congress of the United States to request changes to federal laws or regulations.

(e) Requires the Health and Human Services Commission as soon as practicable after the effective date of this Act, to submit an amendment to the state's Medicaid plan authorizing the state to implement the program of all-inclusive care for the elderly (PACE) established under Section 32.057, Human Resources Code, as added by this Act. Provides that the commission is not required to submit an additional amendment to the state's Medicaid plan each time the state agency administering the PACE program selects and enters into a proposed agreement with a provider to deliver services under the program.

SECTION 11. (a) Amends Chapter 531B, Government Code, by adding Sections 531.02101 through 531.02107, as follows:

Sec. 531.02101. Transfer Authority Relating to Administration of Medicaid Program.

Sec. 531.02102. Medicaid Legislative Oversight Committee.

Sec. 531.02103. Medicaid Program: Strategies For Improving Budget Certainty and Cost Savings.

Sec. 531.02104. Medicaid Eligibility and Enrollment.

Sec. 531.02105. Texas Health Steps Program.

Sec. 531.02106. Limits on Medicaid Cost-Sharing.

Sec. 531.02107. Authorization For Expanded Medicaid Cost-Sharing.

(b) Requires the lieutenant governor and the speaker of the house of representatives, as soon as possible after the effective date of this Act, to appoint the members of the Medicaid legislative oversight committee created by Section 531.02102, Government Code, as added by this Act. Requires the speaker of the house of representatives to appoint the initial presiding officer of the committee.

SECTION 12. Amends Chapter 531B, Government Code, by adding Section 531.02131, Community Outreach Campaign.

SECTION 13. Amends Section 531.0214(d), Government Code.

SECTION 14. Amends Section 531.026(a), Government Code.

SECTION 15. Amends Chapter 531B, Government Code, by adding Section 531.0261, Consolidated Medicaid Appropriation Request.

SECTION 16. Amends Chapter 531B, Government Code, by adding Section 531.0272, Comprehensive Medicaid Operating Budget; Quarterly Expenditure Reports.

SECTION 17. Amends Chapter 531B, Government Code, by adding Section 531.055, Medicaid Reimbursement Rates Report.

SECTION 18. (a) Provides that the purpose of this section is to pilot a coordinated approach to addressing the needs of homeless people with chronic illnesses who are recipients of medical assistance under Chapter 32, Human Resources Code, so that homeless people may learn to manage their illnesses and become productive members of society. Provides that current state, federal, and local agencies fund separate programs that address only one aspect of the needs of homeless people, such as housing, job training, and medical care. Provides that homeless people with chronic illnesses will benefit from a coordinated approach that comprehensively addresses the needs of homeless people.

(b) Amends Chapter 531B, Government Code, by adding Section 531.057, Pilot Case Management Program.

SECTION 19. Amends the heading to Chapter 533, Government Code.

SECTION 20. Amends Chapter 533A, Government Code, by amending Sections 533.001 and 533.002 and adding Sections 533.0021, 533.0022, 533.0023, and 533.0024, as follows:

Sec. 533.001. Definitions.

Sec. 533.002. Medicaid Health Care Delivery System.

Sec. 533.0021. Design and Development of Health Care Delivery System.

Sec. 533.0022. Purpose.

Sec. 533.0023. Rules For Health Care Delivery System.

Sec. 533.0024. Resolution of Implementation Issues.

SECTION 21. Amends Chapter 533A, Government Code, by adding Section 533.0035.

SECTION 22. (a) Amends Section 533.005, Government Code.

(b) Provides that the changes in law made by Section 533.005, Government Code, as amended by this Act, apply to a contract between the Health and Human Services Commission and a managed care organization under Chapter 533, Government Code, that is entered into or renewed on or after the effective date of this Act. Provides that a contract that

is entered into or renewed before the effective date of this Act is governed by the law in effect on the date the contract was entered into or renewed, and the former law is continued in effect for that purpose.

SECTION 23. (a) Amends Chapter 533A, Government Code, by adding Sections 533.0051, 533.0076, 533.0091, 533.0131, and 533.016 through 533.0207.

(b) Requires the Health and Human Services Commission and each appropriate health and human services agency implementing part of the Medicaid managed care program under Chapter 533, Government Code, not later than March 1, 2002, to complete the requirements for reducing and coordinating reporting requirements and inspection procedures as required by Section 533.017, Government Code, as added by this Act.

(c) Requires the Health and Human Services Commission, the Texas Department of Insurance, and each appropriate health and human services agency implementing a part of the Medicaid managed care program under Chapter 533, Government Code, not later than March 1, 2002, to enter into the memorandum of understanding required by Section 533.018, Government Code, as added by this Act.

(d) Requires the Health and Human Services Commission and the Texas Department of Insurance not later than March 1, 2002, to develop the integrated operational and financial audit instrument required by Section 533.019, Government Code, as added by this Act.

(e) Provides that the changes in law made by Section 533.0202, Government Code, as added by this Act, apply to a contract between the Health and Human Services Commission and a managed care organization under Chapter 533, Government Code, that is entered into or renewed on or after the effective date of this Act. Provides that a contract that is entered into or renewed before the effective date of this Act is governed by the law in effect on the date the contract was entered into or renewed, and the former law is continued in effect for that purpose.

(f) Requires the person acting as the state Medicaid director not later than January 1, 2002, to appoint the certifier of Medicaid managed care encounter data required by Section 533.0205, Government Code, as added by this Act.

SECTION 24. Amends Section 533.041(a), Government Code.

SECTION 25. Provides that notwithstanding S.B. No. 1, Acts of the 77th Legislature, Regular Session, 2001 (the General Appropriations Act), the annual salary of the executive director of the Interagency Council on Early Childhood Intervention during the state fiscal biennium beginning September 1, 2001, is \$72,000.

SECTION 26. (a) Requires the commissioner of health and human services to conduct a study regarding the feasibility of expanding the medical assistance program under Chapter 32, Human Resources Code, to provide medical assistance to disabled children 18 years of age or younger in accordance with 42 U.S.C. Section 1396a(e)(3), as amended.

(b) Requires the commissioner of health and human services in conducting the study, to evaluate:

(1) the number of children who would be eligible for medical assistance under the expanded program and who would be likely to enroll;

(2) the effect of other health insurance coverage provided for children who would be eligible under the expanded medical assistance program on the cost of expanding the program;

(3) utilization patterns of similar populations of disabled children under similar programs in this state and other states;

- (4) the cost to the state of inappropriate institutionalization of disabled children resulting from unavailability of health insurance coverage for those children; and
- (5) options for setting an income eligibility cap for the expanded medical assistance program.

SECTION 27. Requires the commissioner of health and human services to examine the reimbursement methodology for air ambulance services purchased under the medical assistance program and may implement any changes necessary to maintain a viable air ambulance system through the state.

SECTION 28. Provides that on January 1, 2002, or on an earlier date specified by the Health and Human Services Commission:

- (1) all powers, duties, functions, activities, obligations, rights, contracts, records, employees, property, and appropriations and other money of the Texas Department of Health that are determined by the commissioner of health and human services to be essential to the administration of Medicaid acute care services or the Medicaid vendor drug program are transferred to the Health and Human Services Commission;
- (2) a rule or form adopted by the Texas Department of Health that relates to a transferred component of the Medicaid program is a rule or form of the Health and Human Services Commission and remains in effect until altered by the commission;
- (3) a reference in law or an administrative rule to the Texas Department of Health that relates to a transferred component of the Medicaid program means the Health and Human Services Commission;
- (4) a license, permit, or certification in effect that was issued by the Texas Department of Health that relates to a transferred component of the Medicaid program is continued in effect as a license, permit, or certification of the Health and Human Services Commission; and
- (5) a complaint, investigation, or other proceeding pending before the Texas Department of Health that relates to a transferred component of the Medicaid program is transferred without change in status to the Health and Human Services Commission.

SECTION 29. (a) Provides that subject to Subsection (b) of this section, if before implementing any provision of this Act a state agency determines that a waiver or authorization from a federal agency is necessary for implementation of that provision, requires the agency affected by the provision to request the waiver or authorization and may delay implementing that provision until the waiver or authorization is granted.

- (b) Provides that implementation of Sections 32.053 through 32.056, Human Resources Code, as added by this Act, is governed by Section 9 of this Act. Provides that implementation of Section 32.057, Human Resources Code, as added by this Act, is governed by Section 10 of this Act.

SECTION 30. Provides that except as otherwise provided by this Act, this Act takes effect September 1, 2001, and applies to a person receiving medical assistance on or after that date regardless of the date on which the person began receiving that medical assistance.